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Letters

To the Editor:

The State Department was surprised and disappointed that FOREIGN POLICY 49 (Winter 1982-83) chose to publish James A. Nathan's article, "Dateline Australia: America's Foreign Watergate?"

The author promises "a great river of evidence" about CIA involvement in Australian domestic politics and in the affairs of the defunct Nugan Hand bank. However, he provides only a rebash of the unfounded allegations that have been circulating for years and that have been repeatedly denied at the highest levels of the U.S. government.

Time magazine commented (December 13, 1982) that the article "is long on speculation and short on evidence." The State Department agrees and would add that the author made inadequate mention of the numerous public denials of such involvement that have been made by knowledgeable U.S. government officials.

In late April 1982 Vice President George Bush, a former director of the CIA, assured William Hayden, leader of the opposition Labor party in Australia, that the CIA had no involvement in Australian domestic politics or in the affairs of the Nugan Hand bank. These assurances were widely reported in the Australian press in May 1982. Although Nathan commented on that meeting and on the discussion of the allegations, he chose to ignore Bush's categorical denials of them.

Nathan partially quoted a statement issued by the CIA's Public Affairs Division on March 26, 1982. The full text is:

The opposition Labor Party [in Australia] has produced documents alleging narcotics links between the collapsed Nugan-Hand Bank and the CIA. There are also resurgent charges that the CIA engaged in operations against the Labor Government in Australia several years ago.

Comment: The Agency rarely comments on such allegations but in this case we emphatically deny these charges; the CIA has not engaged in operations against the Australian Government, has no ties with Nugan-Hand and does not involve itself in drug trafficking.

During an October 1981 visit to Australia, former Senator Frank Church (D.-Idaho), Chair-

man of the Senate Select Committee on Intelligence, was questioned by reporters on these allegations at a National Press Club luncheon in Canberra. He replied unequivocally that his committee had uncovered no evidence of CIA involvement in Australian domestic affairs.

The reprinting of these unsubstantiated allegations ill-serves America's special relationship with old friends and valued allies—the Australians.

John H. Holdridge
Bureau of East Asian and Pacific Affairs
Department of State

To the Editor:

I read with interest James A. Nathan's article, "Dateline Australia: America's Foreign Watergate?" in FOREIGN POLICY 49 (Winter 1982-83).

I was especially struck by a quotation from one of my earlier works. I am quoted on p. 172 as writing that, barely in office, the Australian Labor Party government elected in late 1972 "had severely damaged relations with the United States, abdicated its responsibilities as a cohesive government to wild men and shown its helplessness in the face of radical trade union pressure."

The words are accurately taken from my book, *External Policy Under Labor* (University of Queensland Press, 1977), p. 126, but convey something other than my intended meaning. In context, I ascribe this characterization of the Whitlam Labor government to Labor's more severe, partisan critics in Australia. The language attributed to me does not reflect the tenor of my conclusions on the point in question.

Henry S. Albinski
Pennsylvania State University

The Author Replies:

As I noted in my article, Henry Albinski is America's leading expert on Australian-American relations. The passage in question has been quoted several times in Australia as Albinski's own evaluation of the early days of the Whitlam government. Perhaps something was omitted, but the passage read to me as the thoughts of Albinski himself. I am glad that he had the opportunity to put the matter straight.

I am baffled by John Holdridge's letter. He claims that the issue of CIA involvement in Australia is

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